

Table of Contents

INTRODUCTION	1
GENERAL POLICIES.....	2
Organizational Structure	2
The Roles of the Director and Staff	2
WVOEO Organization Chart	3
ACCOUNTING DEPARTMENT OVERVIEW	3
Organization Structure	3
Department Responsibilities.....	4
Standards for Financial Management Systems	4
BUSINESS CONDUCT.....	5
Practice of Ethical Behavior and Conflicts of Interest	5
Confidentiality	5
SECURITY	5
Access to Electronically Stored Accounting Data	6
Storage of Sensitive Data	6
Destruction of Consumer Information.....	6
General Office Security	6
GENERAL LEDGER AND CHART OF ACCOUNTS.....	7
Fund Accounting.....	7
Chart of Accounts Overview.....	7
Distribution of Chart of Accounts	8
Control of Chart of Accounts	8
Fiscal Year of Organization	8
Accounting Estimates.....	8
Journal Entries.....	8
POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS	9
Revenue Recognition Policies.....	9
ADMINISTRATION OF FEDERAL AWARDS	9
Definitions	9
Preparation and Review of Proposals	9
Post-Award Procedures	10
Compliance with Laws, Regulations, and Provisions of Awards	10
Document Administration	11
Closeout of Federal Awards	12
COST SHARING AND MATCHING (IN-KIND).....	12
Overview.....	12
In-kind Allowability Flowchart	13
Valuation and Accounting Treatment	15
GIFT ACCEPTANCE.....	15
FUND RAISING EVENTS.....	15
INVOICING POLICIES	15
Overview.....	15

Responsibilities for Billing and Collection	15
Financial Reporting	16
Cash Drawdowns of Advances	16
CASH RECEIPTS.....	17
Overview.....	17
Processing of Checks and Cash Received in the Mail.....	17
Segregation of Duties.....	17
Endorsement of Checks.....	18
Timeliness of Bank Deposits	18
Reconciliation of Deposits	18
PROGRAM INCOME.....	18
Identifying Specific Programs Generating Program Income	19
Receiving and Recording of Program Income Funds	19
Distribution of Program Income	19
Reporting of Program Income	19
GRANTS RECEIVABLE MANAGEMENT	20
Monitoring and Recognition.....	20
POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS	20
PURCHASING POLICIES AND PROCEDURES.....	20
Overview.....	20
Responsibility for Purchasing	21
Code of Conduct in Purchasing.....	21
Use of Purchase Orders.....	21
Contractor Files and Required Documentation.....	22
Receipt and Acceptance of Goods	22
SUBRECIPIENTS.....	22
Making of Subawards.....	22
Monitoring of Subrecipients.....	23
POLITICAL INTERVENTION	25
Prohibited Expenditures	25
Endorsements of Candidates	25
Individual vs. Organization Intervention.....	26
Prohibited Use of Organization Assets and Resources	26
LOBBYING.....	26
CHARGING OF COSTS TO FEDERAL AWARDS.....	26
Overview.....	26
Segregating Unallowable from Allowable Costs	26
Criteria for Allowability.....	27
Direct Costs	28
Direct Costing Procedures	28
ACCOUNTS PAYABLE MANAGEMENT.....	29
Overview.....	29
Recording of Accounts Payable	29
Preparation of Invoices for Payment	30
Processing of Invoices	30
Employee Expense Reports.....	30

Management of Accounts Payable Contractor Master File	31
TRAVEL	31
Travel Advances	31
Employee and Director Travel	31
CASH DISBURSEMENTS (CHECK-WRITING) POLICIES	32
Check Preparation	32
Check Signing	33
Mailing of Checks	33
Voided Checks and Stop Payments	33
CREDIT CARDS/PURCHASING CARDS	33
Issuance of Corporate Credit Cards or Purchasing Cards	33
Sales Tax	33
Card User Responsibilities	33
PAYROLL AND RELATED POLICIES	34
Payroll Administration	34
Changes in Payroll Data	35
Personnel Activity Reports	35
Preparation of Time and Effort sheets (timesheets)	35
Processing of Timesheets	36
Review of Payroll	36
Distribution of Payroll	36
POLICIES PERTAINING TO SPECIFIC ASSET ACCOUNTS	36
CASH AND CASH MANAGEMENT	36
Cash Accounts	36
Grant Reconciliations	37
Federal Award Reporting	37
Cash Flow Management	37
Stale Checks	38
Petty Cash	38
Wire Transfers	38
PROPERTY AND EQUIPMENT	38
Equipment and Furniture Purchased with Federal Funds (2 CFR Part200.313)	38
Establishment and Maintenance of a Fixed Asset Listing	39
Receipt of Newly Purchased Equipment and Furniture	39
Depreciation and Useful Lives	40
Disposition of Property and Equipment	40
Write-Offs of Property and Equipment	40
LEASES	40
Classification of Leases	40
Reasonableness of Leases	41
Accounting for Leases	41
Changes in Lease Terms	41
INTANGIBLE ASSETS	41
Acquisition of Intangible Assets	41
Accounting for Intangible Assets	42
Amortization	42

POLICIES ASSOCIATED WITH FINANCIAL REPORTING	42
FINANCIAL REPORTING	42
Standard Financial Records of the Organization	42
Frequency of Preparation	42
Review and Distribution	43
Monthly Distribution	43
Annual Financial Reports	43
PREPARATION OF CONSOLIDATED FINANCIAL RECORDS	43
Consolidation Policy	43
FINANCIAL MANAGEMENT POLICIES	43
BUDGETING	43
Overview	43
Preparation and Adoption	44
Monitoring Performance	44
Budget and Program Revisions	44
Budget Modifications	45
ANNUAL AUDIT	45
Role of the Independent Auditor	45
Preparation for the Annual Audit	45
Concluding the Audit	46
Audit Adjustments	46
Internal Control Deficiencies Noted During the Audit	47
Communications with the Auditors	47
INSURANCE	48
Overview	48
Coverage	48
RECORD RETENTION	49
Record Retention Policy	49
Exception for Investigations	49

INTRODUCTION

The following fiscal manual is intended to provide an overview of the accounting policies and procedures for the West Virginia Office of Economic Opportunity, which shall be referred to as "WVOEO" or "the Agency" throughout this manual.

The WVOEO is an agency of the State of West Virginia, located within the Department of Commerce. It is primarily a pass-through agency and re-grants and disburses federal, state, and private funds. WVOEO's mission is:

***To provide resources and support for a community of partners
working to improve the lives of West Virginians.***

This manual shall document the financial operations of the Agency. Its primary purpose is to formalize accounting policies and selected procedures for all staff who have a role in accounting processes and to document internal controls.

If a particular grant or award has provisions that are more restrictive than those in this manual, the more restrictive provisions will be followed only for that grant or award.

The contents of this manual were approved as official policy of the Agency by the Director and Chief Financial Officer. All WVOEO staff members are bound by the policies herein, and any deviation from established policy is prohibited.

WvOASIS (Our Advanced Solution with Integrated Systems) is the state's accounting and bill paying system and all financial transactions (invoice payments, deposit of funds, fund transfers, etc.) are processed through it. The interface between the Auditor's and Treasurer's offices provides nearly a "real time" information on the status of transactions.

GENERAL POLICIES

Organizational Structure

As a state Agency, WVOEO is bound by the financial and administrative policies of the State of West Virginia, including but not limited to the policies of the Auditor's Office, the Department of Administration, the Treasurer's Office, the Purchasing Division, and the West Virginia Legislature. As an agency within the Department of Commerce, WVOEO must also comply with any directives from the Governor.

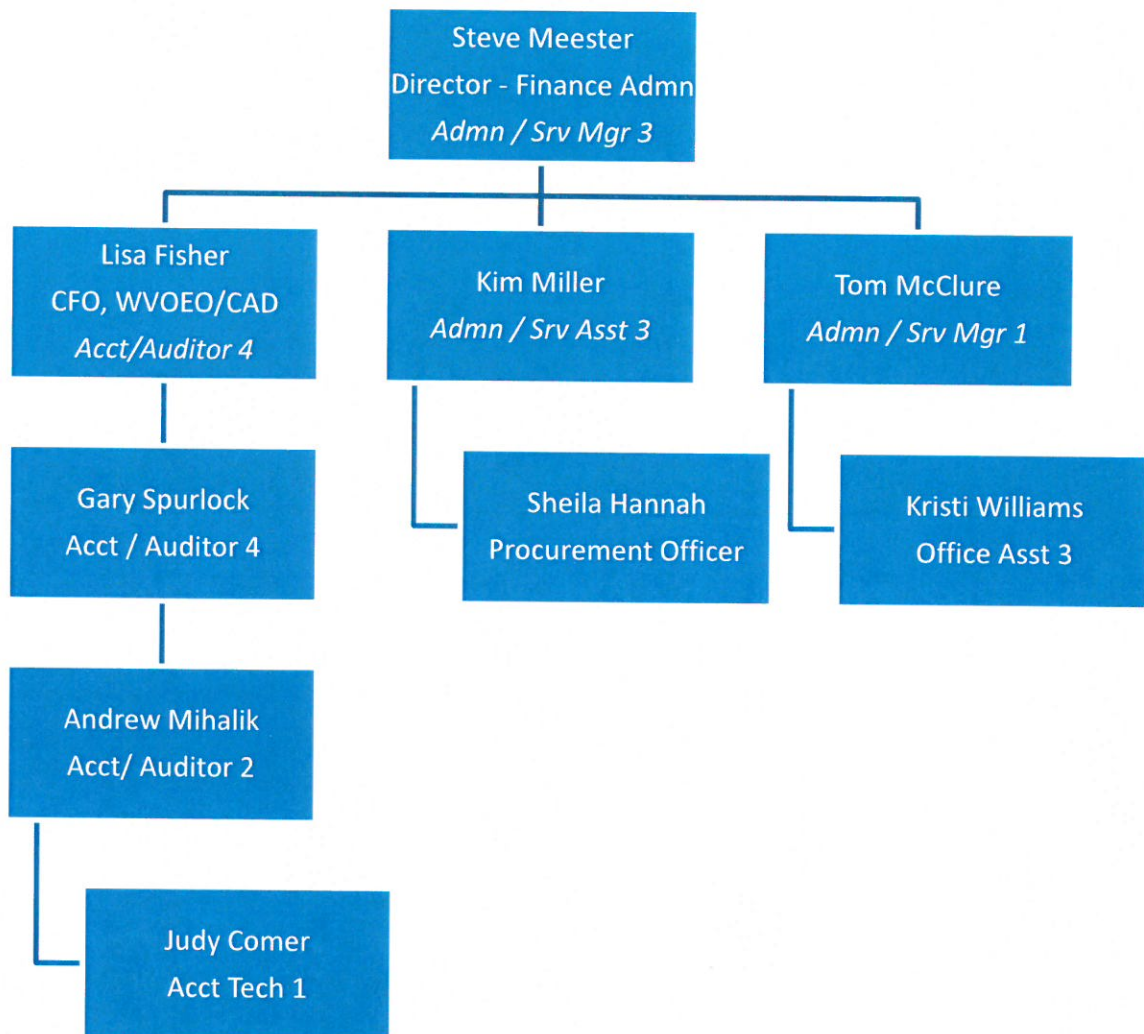
The Roles of the Director and Staff

The Department of Commerce hires the Director, who reports directly to the Commerce Secretary. The Director, along with the Department of Commerce, is responsible for hiring and evaluating staff for each of the Agency's programs.

The Director is responsible for the day-to-day oversight and management of the Agency.

Approval for expenditures has been delegated by the Department of Commerce to WVOEO's Director or designee. Invoice payment is made by the Treasurer's Office after the Auditor's Office has determined that the invoice and documentation meet state requirements.

WVOEO Organization Chart



ACCOUNTING DEPARTMENT OVERVIEW

Organization Structure

The fiscal department consists of 3 staff members who manage and process financial information for the Agency. The following positions comprise the fiscal department:

- Chief Financial Officer
- Accountant
- Accounting Tech

Other employees of the Agency who have financial responsibilities are as follows:

- Director
- Deputy Director

Department Responsibilities

The primary responsibilities of the fiscal department consist of:

- General ledger
- Budgeting
- Cash management
- Asset management
- Cash receipts
- Accounts payable
- Cash disbursements
- Payroll Allocations
- Internal and External reporting of financial information
- Grant reconciliation
- Compliance with government reporting requirements
- Annual audit

Standards for Financial Management Systems

In accordance with 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, WVOEO maintains a financial management system that provides for the following; (specific procedures to carry out these standards are detailed in the appropriate sections of this manual)

1. Identification, in all its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
2. Accurate, current, and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements of 2 CFR Parts 200.327, Financial Reporting, and 200.328, Monitoring and Reporting Program Performance, and/or the award.
3. Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be fully supported by source documentation.
4. Effective control over and accountability for all funds, property, and other assets. WVOEO must adequately safeguard all such assets and ensure they are used solely for authorized purposes.
5. Comparison of outlays with budget amounts for each award.

6. Information that relates financial data to performance accomplishments and demonstrates cost effective practices as required by funding sources. 2 CFR Part 301, Performance Measurement.
7. Written procedures to minimize the time elapsing between the transfer of funds and disbursement by WVOEO. Advance payments must be limited to the minimum amount needed and be timed to be in accordance with actual, immediate cash requirements. 2 CFR Part 200.305 Payment.
8. Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the 2 CFR Part 200 Subpart E, Cost Principles, and the terms and conditions of the award.
9. No person will have complete control over every phase of a significant transaction. For example, the person who authorizes payments to contractors should not draft and issue the payment check.

BUSINESS CONDUCT

Practice of Ethical Behavior and Conflicts of Interest

WVOEO requires employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities and to comply with all applicable laws and regulatory requirements as established in the WV Ethics Act located at the following website:

[http://www.ethics.wv.gov/SiteCollectionDocuments/Brochures Booklets Misc Forms/Ethics%20Booklet%202012-2009.pdf](http://www.ethics.wv.gov/SiteCollectionDocuments/Brochures%20Booklets%20Misc%20Forms/Ethics%20Booklet%202012-2009.pdf)

Confidentiality

The Director and employees treat all information received confidentially. The Department of Commerce and WVOEO requires all employees to sign a Confidentiality Agreement upon employment by the Agency and shall adhere to the agreement and all regulations set forth by the West Virginia Executive Branch Confidentiality Agreement and the WV Ethics Act.

The Agency will disclose, in a timely manner, in writing to Federal awarding agencies all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. (*200.113 Mandatory disclosures*)

SECURITY

A lock will be maintained on the door leading into the WVOEO. This door shall be closed and locked in the evenings and whenever the office is vacant. The key to this lock will be provided to Agency staff and other building maintenance staff.

The WVOEO does not maintain bank accounts – checking or savings and has no petty cash. All funds are on deposit with the State Treasurer's Office. Any checks that are received will be deposited within 48 hours of receipt by the Agency. Checks not picked up for deposit will be locked in the CFO's desk drawer or drawer of other Fiscal staff if CFO is not available.

Access to Electronically Stored Accounting Data

The WVOEO utilizes passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords that allow access to the system.

Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis as determined by WV Office of Technology (WV OT) and wvOasis. Each password enables a user to gain access to only those software and data files necessary for each employee's required duties. Unnecessary access will be rescinded.

Storage of Sensitive Data

WVOEO keeps a minimum of Personally Identifiable Information (PII) information on site. In addition to accounting and financial data stored in the Accounting Department, other sensitive data, including protected (PII) such as social security numbers of employees and/or client's data may be stored in areas other than the fiscal department. Locations of sensitive data include, but are not limited to:

1. Director, CFO and Program Manager's Office
2. Electronic or on-line storage

All sensitive information is locked in drawers or file cabinets.

The Agency's policy is to minimize the storage of sensitive data by shredding documents with such data or deleting the sensitive data from documents as soon as possible. Please see the WV OT's technology policies for standards for electronic and on-line storage.

Destruction of Consumer Information

As stated earlier, all sensitive data must be securely stored and shredded when no longer needed. WVOEO will also shred all consumer information obtained by the Agency for any reason. Shredding will be performed on a schedule determined by each department that possesses such data, and the schedule shall be made a part of the Record Retention policy (see the "Fiscal Management" policies section of this manual).

General Office Security

During normal business hours, all visitors are required to check in with the receptionist. After hours, a key is required for access to the offices of the Agency. Keys are issued only to employees of the Agency and building maintenance.

GENERAL LEDGER AND CHART OF ACCOUNTS

Fund Accounting

WVOEO's accounting system will be organized and operated via the wvOASIS and the agency ledgers.

Funds beginnings with "8" are assigned to federal funds received by a state agency. WVOEO has two direct federal funds:

Fund 8780 – consolidated federal funds

Fund 8781 – community service block grant

Fund 8746 – community development block grant

Funds beginning with '30' are 'special revenue' accounts. These may include federal funds originally granted to another state agency. WVOEO has four special revenue accounts, three of which are designated for a specific purpose:

Fund 3006 – Low-income Energy Assistance Application

Fund 3007 – LIEAP Weatherization

Fund 3008 – Special Weatherization Projects

Fund 3009 – Gifts, Grants, & Donations

WVOEO has one General Revenue account for a small amount of General Revenue funds provided by the state:

Fund 0617 – Office of Economic Opportunity

To segregate income and expenses by source and use, WVOEO uses financial codes available in wvOASIS.

The general ledger is the collection of all asset, liability, net assets, revenue, and expense accounts. It is used to accumulate all financial transactions and is supported by subsidiary ledgers that provide details for certain accounts. The general ledger is the foundation for the accumulation of data and production of reports.

Chart of Accounts Overview

The chart of accounts is the framework for the general ledger system and the basis for the accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense, and gain and loss account.

The WVOEO's chart of accounts is comprised of five types of accounts:

1. Assets
2. Liabilities
3. Equity

4. Revenues
5. Expenses
6. Gains and Losses

In addition to these accounts, the Agency also has the following grant coding:

1. Major Program
2. Program
3. Program Period
4. Activity

Distribution of Chart of Accounts

All Agency employees involved with account coding or budgetary responsibilities will be issued a current chart of accounts, or the section of the chart of accounts applicable to their program. As the chart of accounts is revised, an updated copy of the chart of accounts shall be promptly distributed to these individuals.

Control of Chart of Accounts

The CFO monitors and controls the State and grant chart of accounts, including all account maintenance, such as additions and deletions. Any additions or deletions of state accounts must be approved by the CFO and wVOASIS, any addition or deletion of grant accounts must be approved by the CFO, who ensures that the chart of accounts is consistent with the State and Agency structure of WVOEO and meets the needs of each division.

Fiscal Year of Organization

The WVOEO shall operate on the State's fiscal year that begins on July 1st and ends on June 30th.

Accounting Estimates

The WVOEO utilizes numerous estimates in the preparation of its interim and annual financial statements. Some of those estimates include:

1. Estimated grant revenue
2. Estimated Subrecipient Expenditures
3. Cost allocation calculations

The Director, CFO, and Program Managers will reassess, review, and approve all estimates yearly. All conclusions, bases, and other elements associated with each accounting estimate shall be used for budget preparation, and will initially be based on the last completed prior year information.

Journal Entries

All journal entries shall include an explanation of each such entry and backup documentation if applicable. Examples of such journal entries are:

1. Grant budget adjustments-BG95E
2. Corrections of posting errors-IGT

Certain journal entries, called recurring journal entries, occur in every accounting period. These entries may include, but are not limited to:

1. Payroll allocations-IGP

Recurring journal entries shall be supported and include an explanation of the entry and backup documentation.

POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

Revenue Recognition Policies

The WVOEO receives revenue from several funding sources. Revenue from each of these sources is recognized in the financial statements in the following manner:

1. **Grant income** – recorded on the cash basis of accounting (i.e., recorded as revenue when received)
2. **In-Kind Contributions or Non-Federal Share** – Recognized as income when received. (See the following section titled “Cost Sharing and Matching.”)
3. **Program Income** – Defined as gross income generated by a supported activity or earned as a result of an award, and is recognized as a reduction in expenditures in the period in which it is received.

ADMINISTRATION OF FEDERAL AWARDS

Definitions

WVOEO receives financial assistance from a grantor agency through the following types of agreements:

Grant: A financial assistance award given to the Agency to carry out its programmatic purpose.

Throughout this manual, federal assistance received in any of these forms will be referred to as a federal “award.”

Preparation and Review of Proposals

Individual departments are responsible for preparing proposals for projects that the department intends to pursue. However, all proposals shall be reviewed by the Director or designee prior to submission to government agencies or other funding sources to ensure the proposed budget includes all appropriate costs.

Post-Award Procedures

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The Fiscal Department shall review the time periods, award amounts, and expected expenditures associated with the award. A *Catalog of Federal Domestic Assistance* (CFDA) number shall be determined for each award. All reporting requirements under the contract or award shall be added to the WVOEO Operations Calendar to make sure all reports are filed in a timely manner.
2. Create new general ledger account numbers (or segments). New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.
3. Gather documentation. See the following section, "Document Administration," for details.

Compliance with Laws, Regulations, and Provisions of Awards

The WVOEO recognizes that as a recipient of federal funds, the Agency is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the Agency meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from a federal agency:

1. For each federal award, an employee within the department responsible for administering the award will be designated as "Program Manager."
2. Each Program Manager shall attend a training on grant management prior to beginning his or her role as a grant manager (or as early in their functioning as a Program Manager as practical). Thereafter, all Program Managers shall attend refresher/update courses on grant management as courses are offered or every two years as applicable and available.
3. The Program Manager shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
 - a. Review 2 CFR Part 200 Appendix XI, Compliance Supplement (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all federal awards.
 - b. Review the section of the *Catalog of Federal Domestic Assistance* (CFDA) applicable to the award.
 - c. The Program Manager will communicate grant requirements to those who will be responsible for carrying them out, or impacted by them.
4. The Program Manager and/or the Fiscal Department shall identify and communicate any special changes in policies and procedures necessitated by federal awards as a result of the review of each award.
5. The Program Manager shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing

annual revisions to 2 CFR Part 200 Appendix XI, Compliance Supplement, and communications with federal awarding agency personnel.

6. The Program Manager, CFO or Director shall communicate known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.

Document Administration

For each grant/award received by WVOEO from a federal, state, or local government agency, a master file of documents applicable to the award shall be prepared and maintained. The responsibility for assembling each master file shall be assigned to the Program Manager assigned to administer the program.

The master file assembled for each government award shall include all of the following documents (including originals of all documents received from the awarding agency):

1. Copy of the initial application for the award and corresponding budget
2. All correspondence to and from the awarding agency post-application, leading up to the award
3. The final, approved budget and program plan, after making any modifications
4. The grant agreement and any other documents associated with the initial making of the award
5. Website links to pertinent laws and regulations, including awarding agency guidelines, associated with the award
6. Subsequent grant modifications (financial and programmatic)
7. Copies of program and financial reports
8. Subsequent correspondence to/from the awarding agency
9. Results of any monitoring visits conducted by the awarding agency, including resolution by WVOEO of any findings arising from such visits
10. Correspondence and other documents resulting from the closeout process of the award

The grant document file shall be a Summary of Critical Award Provisions, prepared by the Program Manager. This summary shall include, at a minimum, the following:

1. Key compliance requirements, including citations of applicable laws and regulations
2. Important deadlines
3. Correspondence contact information at the awarding agency

The original grant document file shall remain in the office of the Program Manager or central filing location.

Closeout of Federal Awards

The WVOEO shall follow the closeout procedures described in 2 CFR 200.343 – 345, Closeout, and in the grant agreements as specified by the granting agency.

The WVOEO and all subrecipients shall liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement.

COST SHARING AND MATCHING (IN-KIND)

Overview

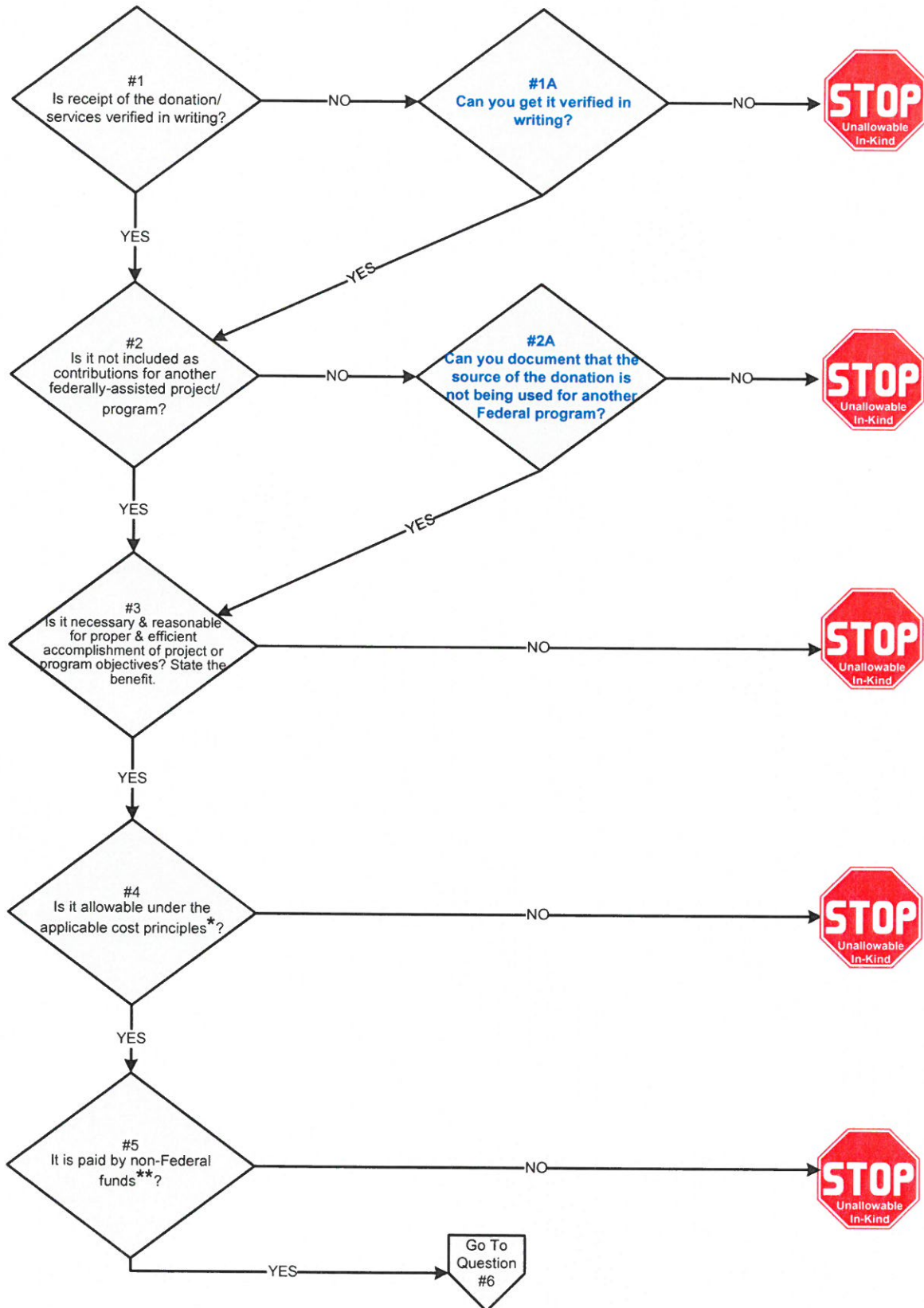
The WVOEO values contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or federal agency regulations identify specific values to be used.

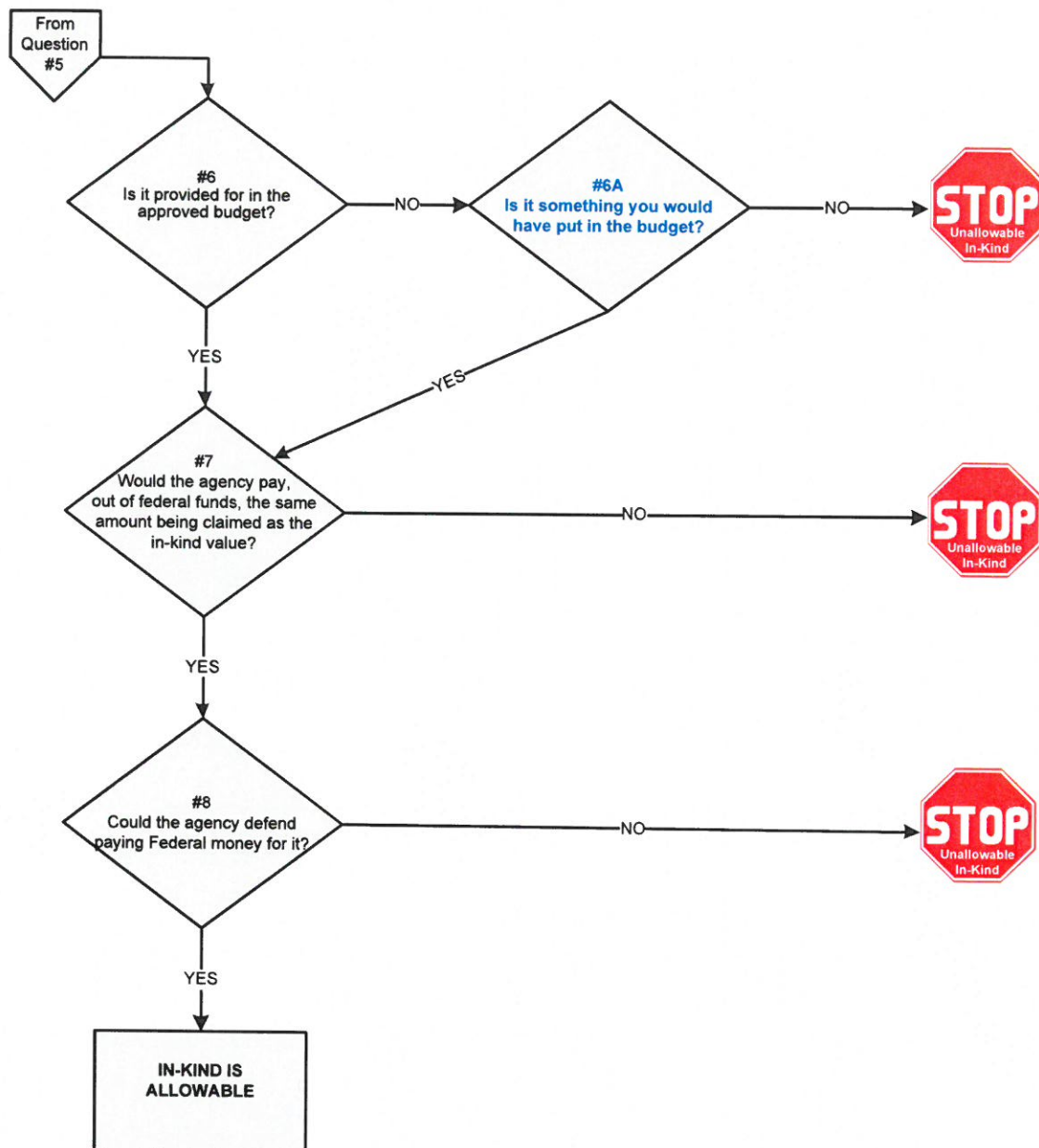
The WVOEO shall claim contributions as meeting a cost sharing or matching requirement of a federal award only if all of the following criteria are met:

1. They are verifiable from Agency records.
2. They are not included as contributions (or match) for any other federally-assisted project or program.
3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. They are allowable under the federal cost principles, 2 CFR Part 200 Subpart E, Cost Principles.
5. They are not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching.
6. They are provided for in the approved budget when required by the federal awarding agency.
7. They conform to all provisions of federal administrative regulations, 2 CFR Part 200 Subpart D, Post Federal Awards Requirements.
8. In the case of donated space, (or donated use of space), the space is subject to an independent appraisal performed by a certified appraiser as defined by 2 CFR Part 200.306(i) I1) to establish its value.

The following flowchart should be used to determine the allowability of in-kind:

In-kind Allowability Flowchart





* 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

** Except where authorized by Federal statute to be used for cost sharing or matching:

Determinations have been made on a case-by-case basis on whether Federal funds from other programs are allowable match for an ACF program. These determinations are based on specific requirements of ACF programs and language in applicable statutes. Specifically:

1. USDA funds are of Federal origin and, therefore, cannot be counted as match.
2. Bureau of Indian Affairs - Indian Self-Determination and Education Assistance Act (P.L. 93-638, as amended). The Act authorizes the use of funds for matching purposes as long as the identified use is specifically related to the approved grant activities.
3. Title XX Social Services Block Grant funds are considered to be Federal funds and, therefore, may not be used as match for ACF programs.
4. Expenditure of funds from the Housing and Community Development Act of 1974, P.L. 93-383 may count as allowable match for a Head Start program for renovation of a building. The determination is dependent on whether or not the Head Start grant is included as part of the "Community Development Program," as required by the Housing and Community Development Act. (Grants Administration Manual, Section 3.05.408(b)(1-4))

Valuation and Accounting Treatment

In-kind typically falls into one of the following categories:

- Space, buildings, land, and equipment
- Volunteer time and services
- Supplies

In-kind non-cash contributions will be accounted for according to accounting principles and grant regulations. Valuation of non-cash contributions shall be based upon the fair market value or average commercial prices applicable to the State of West Virginia. Non-cash contributions will be estimated and documented as part of project preparation and implementation. The value of contributions received, less any sums paid, will be measured at fair value and the full contribution shall be recorded as revenue in the corresponding period with which it was received or established. Any resulting expense shall be documented during the period of use.

GIFT ACCEPTANCE

Gift acceptance by WVOEO staff is regulated by the WV Ethics Act located at the following website:

[http://www.ethics.wv.gov/SiteCollectionDocuments/Brochures Booklets Misc Forms/Ethics%20Booklet %2012-2009.pdf](http://www.ethics.wv.gov/SiteCollectionDocuments/Brochures%20Booklets%20Misc%20Forms/Ethics%20Booklet%2012-2009.pdf)

FUND RAISING EVENTS

The WVOEO staff does not hold or participate in fund raising events for the Agency.

INVOICING POLICIES

Overview

The Agency's primary sources of revenue are:

- Reimbursement grants – Billed on an as needed basis, or as funders require, based on allowed, incurred expenses.
- General Revenue funds – allocated annually.
- Private grants – funds are usually received once funding is approved. Financial expenditure reports, if required, are submitted as required by funding sources.

Responsibilities for Billing and Collection

The WVOEO does not provide services for which billing or collections is necessary. (Note: Check receipts and Grant revenue collection policies will be discussed in subsequent sections.)

Financial Reporting

The WVOEO strives to provide management, staff, and funding sources with timely and accurate financial reports applicable to federal awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

The WVOEO shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Preparation of these reports shall be the responsibility of the Fiscal staff, subject to additional financial review and approval by another Fiscal staff member and Program Managers.

The following policies shall apply to the preparation and request of funds to federal agencies under awards made to WVOEO:

1. The WVOEO will request funds from the awarding agency after invoices have been received, unless an award specifies another method.
2. The WVOEO will strive to minimize the time between receipt and disbursement of grant funds by processing invoices within 36 business hours of receipt of such funds. The Auditor's Office is responsible for reviewing and approving all transactions before payment is issued. WVOEO staff has no control over the timing of approvals and payment processing.
3. Each subaward normally specifies a particular billing cycle. Therefore, a schedule is established for each grant and contract to ensure that reimbursement is made on a timely basis along with any other reporting that is required in addition to the financial reports.
4. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts.
5. All financial reports required by each federal award will be prepared and filed on a timely basis. To the extent the Agency's year-end audit results in adjustments to amounts previously reported to federal agencies, revised reports shall be prepared and filed in accordance with the terms of each federal award.
6. All funds received as a result of federal award shall be deposited and maintained with a federally insured banking institution.

At the time requests for reimbursement are prepared, invoices shall be recorded in the accounting records of the Agency by Fiscal staff.

Cash Drawdowns of Advances

Cash drawdowns of advances from federal agencies shall be made on an as needed basis in conjunction with the accounts payable and payroll schedule, based on need. All federal funds shall be deposited into an account under the cash receipts policies and procedures described in this manual. WVOEO requires that federal funds will be disbursed as soon as possible after receipt using the following process:

1. All invoices received will be added to the cash ledger for each grant they are to be paid from.

2. The CFO prints a listing of invoices to be processed.
3. The CFO/Accountant draws down the cash required.
4. Draw info is given to the Accounting Tech to prepare the CR document.
5. The CR document is approved by the CFO/Accountant.
6. When funds are received by the Treasurer's Office, notification is sent to WVOEO, the Treasurer's Office approves the deposit, and the Accounting Tech enters the invoices to be processed in accordance with cash disbursement policies.

CASH RECEIPTS

Overview

Cash (including checks payable to the Agency) is the most liquid asset an organization has. Therefore, it is the objective of WVOEO to establish and follow the strongest possible internal controls in this area.

Processing of Checks and Cash Received in the Mail

The following procedures will be followed:

1. WVOEO does not receive cash.
2. Mail is opened and a listing of checks and all mail received shall be listed on the incoming mail log.
3. The individual preparing the daily list of receipts shall be someone that is not involved in the accounts receivable or accounts payable process.
4. Checks are given to the CFO who enters info on the cash ledger for the appropriate grant.
5. The CFO or Accountant codes the check with account numbers and gives info and check to the Accounting Tech.
6. The Accounting Tech prepares a CR document and cover sheet from the check info received and forwards the info to the CFO or Accountant for approval.
7. After deposits are prepared, the check and cover sheet are placed in an envelope to be picked up by authorized personnel and taken to the Treasurer's Office for deposit.

Segregation of Duties

To ensure segregation of duties, in no event will the same individuals receiving the payment and performing the first party verification be the same individual depositing the funds.

Endorsement of Checks

All checks received that are payable to the Agency shall be restrictively endorsed by the Accounting Tech. The restrictive endorsement shall include the following information:

1. For Deposit Only

Timeliness of Bank Deposits

Bank deposits will be made within 48 hours of receipt of checks. Undeposited checks shall be maintained in a locked drawer by the CFO or designee until deposited.

Reconciliation of Deposits

On a daily basis, the CFO, who does not prepare the initial cash receipts listing or bank deposit, shall reconcile the listing of receipts on the cash ledger to the wvOASIS balance to make sure the checks have been deposited.

PROGRAM INCOME

The following procedure contains the appropriate steps to correctly identify record, distribute and report any Program Income received by the State pursuant to its administration of CDBG or CDBG-DR programs.

All program income will be returned to WVOEO, unless otherwise stated in written agreements with subrecipients.

Program income is defined as gross income received by a state, a unit of general local government or a subrecipient of a unit of general local government that was generated from the use of CDBG funds (2 CFR 200).

Program income includes but is not limited to:

1. Proceeds from the disposition by sale or long term lease of real property purchased or improved with CDBG funds.
2. Proceeds from the disposition of equipment purchased with CDBG funds.
3. Gross income from the use or rental of real or personal property acquired by the recipient or subrecipient with CDBG funds, less cost incidental to the generation of the income.
4. Gross income from the use or rental of real property owned by the recipient or sub-recipient that was constructed or improved with CDBG funds, less cost incidental to the generation of the income.
5. Payments of principal and interest on certain loans made using CDBG funds.
6. Proceeds from the sale of loans secured with CDBG funds.
7. Proceeds from the sale of obligations secured by loans made with CDBG funds.
8. Funds collected through special assessment made against properties owned and occupied by households not of low and moderate income, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

Program income does not include the following:

If the total amount of Program Income funds generated is less than \$35,000 in a single year, such funds are not considered Program Income.

Identifying Specific Programs Generating Program Income

CDBG programs that generate Program Income will be identified as programs are developed. As agreed to, subrecipients will forward Program Income funds to WVOEO for deposit.

Receiving and Recording of Program Income Funds

Program Income funds received will be recorded and accounted for by the program which generated it. Finance / Administration staff shall monitor the receipt and reporting of Program Income in WVOEO's accounting system, the state's accounting system wvOASIS and the DRGR.

Once received, program income funds will be recorded in one of three ways:

Program Income Deposited in the Revolving Loan Fund

Revolving Loan Funds are accounts set up in the state's accounting system and are separate from the General Fund and are to be interest bearing. Interest earned is calculated by the State Treasury and credited to the fund balance on a monthly basis.

Program Income Used to Reduce the Next Program Draw

To the maximum extent feasible, WVOEO shall distribute Program Income before the state makes additional withdrawals from the Treasury.

Program Income Accounts

As approved by HUD, WVOEO shall establish program income accounts that hold program income funds. Applications for projects are submitted to WVOEO and are funded through the program income accounts.

Distribution of Program Income

Program Income funds in any Revolving Loan Fund will be used to fund or supplement funding of specific CDBG projects which in turn generates payments to the fund.

All other program income funds will be used before the state makes the next draw from the Treasury.

Reporting of Program Income

Program income earned and received is reported to HUD on a quarterly basis in the DRGR system. Any program income received by a grantee/subrecipient must be returned to the WVOEO. Specific program income plans are outlined in the WVOEO action plans and subsequent Amendments where applicable. In addition, the following clause shall be written into any subrecipient Agreement that requires all program income generated to be returned to the WVOEO in order to accurately track and receipt program income.

Remittance of Program Income

Program income shall be remitted to the WVOEO.

Recording Program Income

Grantee shall submit a quarterly report to WVOEO detailing receipt of program income which is defined in 2 CFR 200.

Returning Program Income

At the time of grant closeout, WVOEO will compile program income data showing any and all

program income accumulated at the state and sub-recipient/grantee level. The finance department will reconcile this data against what is reported in the state system and DRGR. WVOEO will send a certified letter to a sub-recipient/grantee if it appears the reported program income **hasn't yet been returned** to WVOEO. The letter will indicate the program income reported, and the method in which the program income should be returned to state in a timely manner.

GRANTS RECEIVABLE MANAGEMENT

Monitoring and Recognition

The WVOEO records grant revenue as it is received during the grant year. The CFO is responsible for monitoring budget-to-actual expenditures throughout the grant year, and will meet monthly with the Director, Accountant and Program Managers to discuss grant fiscal results.

POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

PURCHASING POLICIES AND PROCEDURES

Overview

THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY WVOEO.

The WVOEO requires the practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The Agency follows the policies of the West Virginia Department of Administration, Purchasing Division guidelines which can be found at:

<http://www.state.wv.us/admin/purchase/>

These guidelines describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

The goal of these procurement policies is to ensure that materials and services are obtained in an effective manner and in compliance with the provisions of applicable federal statutes and grant requirements.

The WVOEO expects that all employees will use the utmost care when incurring expenses on the WVOEO's behalf. Before making an expenditure, employee should ask the following questions:

1. Is it a reasonable use of funds?
2. Is it necessary?
3. Is the purpose of the expenditure clear?
4. Is it in the budget?
5. Is it an allowable expense per grant/state terms?

If the expense is justified by those criteria, the employee must ensure that the expenditure is properly approved and documented.

Responsibility for Purchasing

The Director or designee shall have the authority to initiate purchases on behalf of their department, within the guidelines described here. The Programs Administrative Assistant shall be responsible for processing purchase orders and working with the procurement staff of the Purchasing Department for contractual commitments. The Director or designee shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

Code of Conduct in Purchasing

See the Purchasing Division Guidelines and Guide to WV Ethics Act at the following websites:

<http://www.state.wv.us/admin/purchase/>

[http://www.ethics.wv.gov/SiteCollectionDocuments/Brochures Booklets Misc Forms/Ethics%20Booklet %2012-2009.pdf](http://www.ethics.wv.gov/SiteCollectionDocuments/Brochures%20Booklets%20Misc%20Forms/Ethics%20Booklet%2012-2009.pdf)

Ethical conduct in managing the Agency's purchasing activities is absolutely essential. Staff must always be mindful that they represent the State of WV and share a professional trust with other staff, the general public, and contractors.

The following items are addressed in the Purchasing Guidelines:

1. Competition
2. Nondiscrimination Policy
3. Procurement Procedures
4. Required Solicitation of Quotations from Contractors
5. Extension of Due Dates and Receipt of Late Proposals
6. Evaluation of Alternative Contractors
7. Affirmative Consideration of Minority, Small Business, Women-Owned Businesses, and Labor Surplus Area Firms
8. Availability of Procurement Records

Use of Purchase Orders

The WVOEO utilizes a purchase order system. A properly completed purchase order shall be required for each purchase decision with the exception of travel advances and expense reimbursements, which require the preparation of a separate form described elsewhere in this manual. A properly completed purchase order shall contain the following information, at a minimum:

1. Specifications or statement of services required and person requesting item
2. Contractor name, address, point of contact and phone number
3. Source of funding (if applicable)
4. Delivery or performance schedules
5. Delivery, packing, and transportation requirements
6. Special conditions (if applicable)
7. Catalog number, page number, etc. (if applicable)
8. Net price per unit, less discount, if any

9. Total amount of order
10. Authorized signature
11. Date purchase order was prepared

Purchase orders are prepared by the Programs Administrative Assistant.

Contractor Files and Required Documentation

All contractors who are to be paid by the State of WV must be set up as a vendor in wvOASIS before payment can be made.

The Purchasing Division has the responsibility of maintaining all of the bid/RFP documents, contractor documents and any other documentation that may be necessary.

The Fiscal Department may assist any new contractor from whom WVOEO purchases goods or services in getting set up in wvOASIS if necessary. All contractors can register through the Vendor Self Service Portal in wvOASIS. For contractors that don't have the capacity to register electronically, WVOEO shall mail a blank Form W-9 to the new contractor and request that the contractor complete and sign the W-9 and return it to WVOEO. Completed and signed Form W-9 shall be sent to wvOASIS staff responsible for setting up new contractors in the system. Contractors who do not comply with this request can't be paid until they are set up in wvOASIS.

Receipt and Acceptance of Goods

The Programs Administrative Assistant or designated individual shall inspect all goods received. Upon receipt of any item from a contractor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point.
2. Verify the quantity of boxes/containers with the bill of lading.
3. Examine boxes/containers for exterior damage and note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.).
4. Sign and date the bill of lading or prepare a receiving report.
5. Remove the packing slip from each box/container.
6. Compare the description and quantity of goods per the purchase order to the packing slip.
7. Examine goods for physical damage.
8. Count or weigh items, if appropriate, and record the counts on the purchase order.

This inspection must be performed in a timely manner to facilitate prompt return of goods and/or communication with contractors.

SUBRECIPIENTS

Making of Subawards

The WVOEO makes subawards of federal funds to other organizations. All subawards shall be subject to the conflict of interest policies described in the WV Ethics Act. In addition, all subrecipients must agree to the subrecipient monitoring provisions described in the next section.

3. Any additional requirements that WVOEO imposes on the subrecipient in order for WVOEO to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
4. An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between WVOEO and the subrecipient, or a de minimis indirect cost rate as defined in § 200.414 Indirect costs.
5. Adherence to compliance with 2 CFR 200, Subpart F audit requirements, including the allowance by subrecipient to allow WVOEO and auditors access to the subrecipient's records and financial statements as necessary for WVOEO to meet the monitoring requirements of 2 CFR Part 200; and
6. Appropriate terms and conditions concerning closeout of the subaward.
7. Subawards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.
8. Subawards shall require that subrecipients submit financial and program reports to WVOEO on a basis no less frequently than monthly.
9. WVOEO/WVCAD Compliance Unit will follow up with all subrecipients to determine whether all required audits have been completed. WVOEO/WVCAD Compliance Unit will cease all funding of subrecipients failing to meet the requirement to undergo an audit in accordance with 2 CFR Part 220.501. For subrecipients that properly obtain an audit in accordance with 2 CFR Part 200.501, WVOEO shall obtain and review the resulting audit reports for possible effects on WVOEO's accounting records or audit. If there are audit findings that relate to a subaward received by the subrecipient, WVOEO/WVCAD Compliance Unit will issue a management decision and take appropriate action as outlined in section 12 below. Furthermore, WVOEO and WVOEO/WVCAD Compliance Unit will confirm that the federal award is charged no more than a reasonably proportionate share of the costs of audits required by, and performed in accordance with 2 CFR part 200, Subpart F.
10. Ongoing monitoring of subrecipients will vary from subrecipient to subrecipient based on the nature of work assigned to each. However, ongoing monitoring activities may involve any or all of the following:
 - a. Regular contacts with subrecipients and appropriate inquiries regarding the program.
 - b. Reviewing programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
 - c. Monitoring subrecipient budgets.
 - d. Performing site visits to the subrecipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward.
 - e. Offering subrecipients technical assistance where needed.
 - f. Maintaining a system to track and follow up on deficiencies noted at the subrecipient in order to ensure that appropriate corrective action is taken.

- g. Establishing and maintaining a tracking system to ensure timely submission of all reports required of the subrecipient.
- 11. Documentation shall be maintained in support of all efforts associated with monitoring of subrecipients.
- 12. In connection with any subrecipient that has been found to be out of compliance with provisions of its subaward with WVOEO/WVCAD Compliance Unit , responsive actions by the Agency shall be determined by, WVOEO/WVCAD Compliance Unit, Director or designee. Such actions may consist of any of the following:
 - a. Increasing the level of supporting documentation that the subrecipient is required to submit to WVOEO/WVCAD Compliance Unit on a monthly or periodic basis.
 - b. Requiring that subrecipient prepare a formal quality improvement plan for submission to WVOEO/WVCAD Compliance Unit.
 - c. Requiring documentation of changes made to policies or forms used in administering the subaward.
 - d. Arranging for on-site (at the subrecipient's office) oversight on a periodic basis by a member of the WVOEO grant administration staff.
 - e. Providing copies of pertinent laws, regulations, federal agency guidelines, or other documents that may help the subrecipient.
 - f. Reimbursing after-the-fact, and not provide advances.
 - g. As a last resort, terminating the subaward relationship and seeking an alternative.

POLITICAL INTERVENTION

Prohibited Expenditures

The WVOEO shall not incur any expenditure for political intervention. For purposes of this policy, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the federal, state, or local level. Examples of prohibited political expenditures include, but are not limited to, the following:

- 1. Contributions to political action committees
- 2. Contributions to the campaigns of individual candidates for public office
- 3. Contributions to political parties
- 4. Expenditures to produce printed materials (including materials in periodicals) that support or oppose candidates for public office
- 5. Expenditures for the placement of political advertisements in periodicals

Endorsements of Candidates

The WVOEO will not endorse any candidates for public office in any manner, or otherwise make statements that support or oppose a candidate or a political party, either verbally or in writing. This policy extends to the actions of management, employees, volunteers, and other representatives or agents of WVOEO, when these individuals are acting on behalf of, or are otherwise representing, the Agency.

Individual vs. Organization Intervention

The preceding policies prohibiting acts of political intervention apply to the organization and to individuals acting on behalf of the organization. It does not apply to the personal lives of employees and volunteers of the organization, who have the right to support or oppose political candidates and parties as individuals. Employees and volunteers of WVOEO who engage in political activities outside the scope of their employment with or service to the Agency shall at all times be mindful of maintaining a clear distinction between personal activities and those which can be attributed to the Agency.

Prohibited Use of Organization Assets and Resources

No assets or personnel of the Agency shall be utilized for political activities, as defined above. This prohibition extends to the use of Agency assets or personnel in support of political activities that are engaged in personally by board members, members of management, employees, or any other representatives of WVOEO. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing the Agency), these individuals must at all times be aware that Agency resources (including computers and email systems) cannot at any time be utilized in support of political activities.

LOBBYING

The WVOEO does not participate in lobbying activities. The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost. 2 CFR Part 200.450

CHARGING OF COSTS TO FEDERAL AWARDS

Overview

The WVOEO charges costs that are reasonable, allowable, and allocable to a federal award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to federal awards.

Segregating Unallowable from Allowable Costs

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each federal award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Program Managers and Fiscal staff shall be familiar with the allowability of costs provisions 2 CFR Part 200.400 – 475, Cost Principles, particularly:
 - a. The list of specifically unallowable costs found in 200.421 – 475, Selected Items of Cost, such as alcoholic beverages, bad debts, contributions, fines and penalties, etc.

- b. Those costs requiring advance approval from federal agencies in order to be allowable in accordance with 2 CFR Part 200.407, Prior Written Approval, such as participant support costs, equipment purchases, etc.
- 3. No costs shall be charged directly to any federal award until the cost has been determined to be allowable under the terms of the award and/or 2 CFR Part 200.400 – 475, Cost Principles.
- 4. For each federal award, an appropriate set of general ledger accounts (or account segments) shall be established in the chart of accounts to reflect the categories of allowable costs identified in the award or the award budget.
- 5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a federal award or to activity associated with a federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e., if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit).
- 6. Consistent with 2 CFR 200.302(b)(3), expenditures shall be reviewed according to eligibility activity classifications specified in the statute, regulations, or grant agreement that clearly identify the use of the federal award for eligible activities.

Criteria for Allowability

All costs must meet the following criteria from 2 CFR Part 200.402 – 406, Basic Considerations, in order to be treated as allowable direct or indirect costs under a federal award:

- 1. The cost must be “reasonable” for the performance of the award, considering the following factors:
 - a. Whether the cost is of a type that is generally considered as being necessary for the operation of the Agency or the performance of the award.
 - b. Restraints imposed by such factors as generally accepted sound business practices, arm’s length bargaining, federal and state laws and regulations, and the terms and conditions of the award.
 - c. Whether the individuals concerned acted with prudence in the circumstances.
 - d. Consistency with established policies and procedures of the Agency, deviations from which could unjustifiably increase the costs of the award.
- 2. The cost must be “allocable” to an award by meeting one of the following criteria:
 - a. The cost is incurred specifically for a federal award,
 - b. The cost benefits both the federal award and other work and can be distributed in reasonable proportion to the benefits received, or
 - c. The cost is necessary to the overall operation of the Agency, except where a direct relationship to any particular program or group of programs cannot be demonstrated.

3. The cost must conform to any limitations or exclusions of 2 CFR Part 200 Subpart E Cost Principles, or the federal award itself.
4. Treatment of costs must be consistent with policies and procedures that apply to both federally financed activities and other activities of the Agency.
5. Costs must be consistently treated over time.
6. The cost must be determined in accordance with generally accepted accounting principles (GAAP).
7. Costs may not be included as a cost of any other federally financed program in the current or prior periods.
8. The cost must be adequately documented.

Direct Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal Award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy (*2 CFR Part 200.413(a)*). WVOEO identifies and charges these costs exclusively to each award or program.

Each invoice shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Subrecipient invoices are approved by the appropriate Program Manager.

Time sheets are also submitted on a regular basis, reflecting employees' work and which programs directly benefited from their effort. Time sheets shall serve as the basis for charging salaries directly to federal awards and nonfederal functions. See the Payroll section of this manual for detailed procedures.

Equipment purchased for exclusive use on a federal award and reimbursed by a federal agency shall be accounted for as a direct cost of that award (i.e., such equipment shall not be capitalized and depreciated for grant purposes, but will be capitalized and depreciated at year-end for financial statement purposes).

Direct Costing Procedures

Direct and joint costs are allocated to the benefiting programs using cost pools under the following policies and procedures:

1. Costs will be allocated to all programs on an equitable basis regardless of any limits imposed by funding sources.
2. As much as possible, costs will first be charged directly to benefiting programs.

3. All remaining shared costs will be allocated on the most meaningful measures. The following are examples of bases to be used:
 - a. Facilities and related costs will be allocated based on square footage occupied.
 - b. Administrative expenses directly related to programs are charged to the respective program. The administrative share of common costs are generally allocated based on the # of direct employees in each program.
4. Program-related costs will be allocated based on relevant activity measures, such as number of meals served, number of children or clients.

Improper Payments

In the event an improper payment is discovered through an audit or financial finding, the subrecipient/grantee shall be informed via a certified letter. The letter instructs the sub-recipient/grantee of the improper payment and provides direction as to how the funds should be returned the state. The Chief Compliance Officer of the WVOEO is informed, and the funds will be wired back to HUD upon the receipt of funds by the state.

ACCOUNTS PAYABLE MANAGEMENT

Overview

The WVOEO strives to maintain efficient business practices and good cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and bank account reconciliation. The following are general policies for accounts payable:

- Assets or expenses and the related liability are recorded by an individual who is not responsible for ordering and receiving.
- The amounts recorded are based on the contractor invoice for the related goods or services.
- The contractor invoice should be supported by an approved purchase order where required by Agency policy, and should be reviewed and approved by the Director or designee prior to being processed for payment.
- Invoices and related general ledger account distribution codes are reviewed prior to approval in wvOASIS.

The primary objective for accounts payable and cash disbursements is to ensure that:

- Disbursements are properly authorized.
- Invoices are processed in a timely manner.
- Operating cash is managed so minimal grant funds are on hand at all times.

Recording of Accounts Payable

- All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner.

- Accounts payable are processed on a daily basis. Information is entered into the system from approved invoices or disbursement vouchers with appropriate documentation attached.
- Only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the contractor records.
- Invoices received via email will be printed, date-stamped, initialed by the individual that received the email and added to the mail log.
- Any additional copies of the emailed invoice will be deleted.
- No payments will be made from contractor statements.

Preparation of Invoices for Payment

Prior to any invoice being submitted for payment, each invoice shall have the following documents attached as necessary:

1. Packing slip (where appropriate)
2. Receiving report (or other indication of receipt of merchandise and authorization of acceptance)
3. Purchase order as required by procurement policies
4. Copy of contract or dues & membership schedule (where appropriate)
5. Any other supporting documentation deemed appropriate

Processing of Invoices

The following procedures shall be applied to each invoice by the Fiscal staff:

1. Check the mathematical accuracy of the contractor invoice.
2. Compare the nature, quantity, and prices of all items ordered per the contractor invoice to the purchase order, packing slip, and receiving report.
3. Code the invoice using the Agency's current chart of accounts.
4. Obtain the review and approval of the Director (or designee) for goods or services purchased.
5. Accounting Tech will enter the invoice and notify CFO or Accountant that the invoice is ready for review and approval.
6. CFO/Accountant approves the invoice and places in the entered invoice bin.
7. Accounting Tech checks system on a daily basis to verify when invoices are paid. The paid date is written on the invoice and then it is filed.

Approvals by the Director or designee indicate their acknowledgment of satisfactory receipt of the goods or services invoiced, agreement with all terms appearing on the contractor invoice, agreement with general ledger account coding, and agreement to pay vendor in full. Approvals shall be documented with initials or signatures of the approving individual, and date of approval.

Employee Expense Reports

Reimbursements for travel expenses, meals, or other approved costs will be made only upon the receipt of a properly approved and completed expense reimbursement form. (See further policies under "Travel Regulations.") All required receipts must be attached, and a brief description of the business purpose of the trip or meeting must be noted on the form. Expense reports will be processed for payment with all other invoices.

Management of Accounts Payable Contractor Master File

The State of WV Finance and Purchasing Divisions are responsible for the management of Contractor Master Files. However, WVOEO may assist them in gathering information.

Upon the receipt of an invoice from a new contractor that is not already in wvOASIS, the Accounting Tech may mail (or email) a Form W-9 and a request for completion of the Form W-9, including the contractor's full address and federal employer identification number, or may contact the contractor to set up their account using the Vendor Self Service Portal.

The vendor setup shall include all of the following data:

- Contractor's legal name and any DBA name(s)
- Street address (payments may be mailed to a P.O. Box, but a street address must be in the file)
- Federal employer identification number
- Telephone number
- Fax number
- Contact name

Payments shall not be made to any contractor whose file does not comply with the preceding requirements.

TRAVEL

Travel Advances

Funds will be advanced for upcoming travel only upon receipt of a completed and properly approved request for travel advance. Travel advances are generally limited to per diems unless there is an extraordinary need for additional funds. Travel advances are to be used only for the purpose intended. Travel expenses are to be made in accordance with the Agency's travel policies as explained in this section.

Employees receiving travel advances must submit and settle the expense report within 15 business days of returning from travel. By requesting a travel advance, employees signify their acknowledgment of, and agreement with, these policies.

Employee and Director Travel

The WVOEO follows the Travel Management Office of the WV Purchasing Division's guidelines located at the following website: <http://www.state.wv.us/admin/purchase/travel/default.html>

At the conclusion of a WVOEO business trip, an employee who has incurred business-related expenses should complete an expense report in accordance with the following policies:

1. Documentation must justify that participation of the traveler is necessary for the Federal award and costs are reasonable and consistent with WVOEO's travel policy. 2 CFR Part 200.474(b)(1) and (2)

2. Identify each separately incurred business expense (i.e., do not group all expenses associated with one trip together).
3. With the exception of tips, tolls, reimbursed mileage, and per diems, all business expenses must be supported with invoices/receipts as required.
4. The WVOEO will reimburse employees at per diem rates established by the General Services Administration (GSA) for the location to which they travel.
 - a. It is the Organization's policy that payment for the first and last day of travel will be at 75% of the full per diem.
 - b. If the conference or meeting which the traveler attends provides a meal, the value of that meal as determined by GSA tables will be deducted from that day's per diem.
5. Contractor receipts/invoices must be submitted for all lodging and any expenditure as required.
6. For airfare, airline-issued receipts should be obtained. If a traveler fails to obtain a receipt, other evidence must be submitted indicating that a trip was taken and the amount paid (for example, a combination of an itinerary, a credit card receipt, and return trip boarding pass(es)).
7. Mileage may be reimbursed at the standard federal rates currently in effect, as published each year by the IRS and subject to State Travel Guidelines.
8. General ledger account coding must be identified for all expenditures.
9. All expense reports must be signed and dated by the employee.
10. All expense reports must be approved by the employee's Supervisor.
11. Only one expense report form should be prepared for each trip

An employee will not be reimbursed for expense reports not meeting the preceding criteria. If the expense report results in a balance due to WVOEO (as a result of receiving a travel advance greater than actual business expenditures), the employee must attach a check to settle the balance due. If the expense report results in a balance due to the employee, the employee will be reimbursed by check or direct deposit.

No further travel advances will be issued to any employee who has an outstanding balance due to WVOEO from previous business trips.

CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

Check Preparation

WVOEO does not process checks. The Auditor's Office and Treasurer's Office are responsible for all payments on behalf of WVOEO.